

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 DOTE-00

EB-11 INR-10 NSAE-00 RSC-01 FAA-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SP-03 SS-20 USIA-15 DRC-01 /121 W

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P R 041242Z MAY 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 2284

INFO USMISSION BERLIN

AMEMBASSY MOSCOW

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L BONN 07177

E.O. 11652: GDS

TAGS: ETRN, PFOR, WB, GW, US, UK, FR

SUBJECT: BERLIN AIR SERVICE

REF: STATE 89599

1. PRESENTATION ON LINES PARA 3 REFTEL MADE MAY 3 BY
AMBASSADOR TO FONOFF POLITICAL DIRECTOR VAN WELL
US CAA ALSO INFORMED FONOFF CIVIL AIR CHIEF
(JIRKA) OF CONTENTS US APPROACH.

2. AMBASSADOR EMPHASIZED THAT THIS COMPLEX OF QUESTIONS
WAS BEING RAISED BY US IN THIS WAY TO DEMONSTRATE THE
POLITICAL IMPORTANCE WITH WHICH IT IS VIEWED BY USG. WE
DESIRE THAT MATTER BE CAREFULLY CONSIDERED NOW SO AS TO
ASSURE THAT VIABILITY OF BERLIN AIR SERVICE WILL NOT BE
BROUGHT INTO QUESTION ON PIECEMEAL BASIS BY NEW AND/OR
UNCERTAIN ASPECTS OF BERLIN AVIATION. AMBASSADOR THEN
NOTED NEED FOR URGENCY, AND EMPHASIZED THAT SUBJECT IS
IMPORTANT ONE WHICH SHOULD NOT BE DISCUSSED ONLY ON
TECHNICAL LEVEL. VAN WELL RESPONDED THAT FRG WAS FULLY
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IN AGREEMENT WITH US ON BASIC QUESTIONS OF CARRIER

VIABILITY AND ON NEED TO PREVENT EROSION OF AND TO MAINTAIN ACCESS RIGHTS. HE THEN ASKED FOR TIME NECESSARY TO DO REQUIRED HOMEWORK. AMBASSADOR CLOSED BY AGAIN EMPHASIZING URGENCY.

3. IN BONN GROUP, FRG REP (LUECKING) INDICATED FRG WOULD STUDY AND RESPOND, AND UK REP EMPHASIZED THAT, BECAUSE OF FINANCIAL DIFFICULTIES OF CARRIERS CAUSED BY INCREASED COSTS, CONSIDERATION OF ALTERNATIVES TO FARE INCREASE SHOULD NOT DRAG ON. US REP RESPONDED THAT, INDEED, AS CONTAINED IN US PRESENTATION, COMPLEX OF QUESTIONS REQUIRES QUICK ACTION AND DECISION.

4. AS WE PROCEED ON THIS COMPLEX OF QUESTIONS, EMBASSY BELIEVES DEPARTMENT WILL WANT TO BE AWARE OF FACT THAT, EVEN WITH THE PROPOSED FUEL SURCHARGE IGS RATES WOULD REMAIN ON AN AVERAGE ABOUT 30 PERCENT LOWER ON A COST PER MILE BASIS THAN FRG DOMESTIC ROUTES, AND IT IS OUR IMPRESSION THAT RESPONSIBLE FRG OFFICIALS CONSIDER THIS MAGNITUDE OF DIFFERENCE TO BE SATISFACTORY. (A DETAILED COMPARISON OF CENTS PER MILE RATES IS CONTAINED IN APPENDIX B TO THE PAN AM PRESENTATION ON THE FUEL SURCHARGE, POUCHED TO THE DEPARTMENT ON APRIL 5.) ANOTHER CONSIDERATION IS THE EXTENT OF US INTEREST IN ENCOURAGING THE OTHER ALLIED CARRIERS, BA ESPECIALLY, TO REMAIN IN THE BERLIN SERVICE. AS THE DEPARTMENT WILL RECALL, IT IS BA THAT HAS TAKEN THE INITIATIVE IN INSISTING ON THE NECESSITY FOR FARE INCREASES IN THE LAST TWO ROUNDS OF FARE DISCUSSIONS. PAN AM'S INITIAL OCTOBER 1973 APPLICATION CALLED FOR A 7.5 PERCENT INCREASE RATHER THAN THE 10 PERCENT WHICH THE BRITISH WANTED. IT IS THE LESS EFFICIENT OF THE TWO MAJOR CARRIERS (BA) THAT WANTS THE LARGER FARE INCREASE THAT I CONSIDERS NECESSARY FOR IT TO REMAIN COMMERCIALY VIABLE. USG EFFORTS TO URGE OR PUT PRESSURE ON PAN AM FOR GREATER EFFICIENCY, IF THEY WERE ACCEPTED, WOULD NOT NECESSARILY BE REFLECTED IN TERMS OF LOWER FARES FOR TRAVELERS.

HILLENBRAND

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